

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## SUBSIDIES

### Notifications of Contracting Parties

#### Addendum

#### NETHERLANDS

#### Notification of 1 January 1961

By letter of 6 February 1961 the Government of the Netherlands has transmitted to the secretariat a notification of subsidies in the Netherlands.

This notification is submitted in compliance with the recommendations of the Panel on Subsidies as adopted by the CONTRACTING PARTIES at the sixteenth session and includes all stabilization and price support measures presently applied in the Netherlands. These measures have been listed according to the following classification:

- A. Mixing regulations
- B. Equalization levies and reimbursements
- C. Stabilization and price support purchases
- D. Subsidy arrangements

All these regulations are based on the Agricultural Law of 1957 and are established either by decree of the Minister of Agriculture or by rules of the Commodity Boards on matters delegated by the Minister of Agriculture.

#### A. MIXING REGULATIONS

##### Wheat

For wheat for human consumption a guaranteed fixed price has been established, which is effected by means of a mixing regulation. The milling industry is obliged to add a certain percentage of domestically produced wheat to their product. This percentage is fixed every year and is revised when necessary, depending on the quantity of domestic wheat available. The percentage varies between 25 - 35 per cent, while during part of the year 1960 a percentage of 40 per cent has been fixed. For the 1960 crops the percentage has been established at 30 per cent.

<u>Crops 1957-1961</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>
Guaranteed price (fl./100 kgs)	28.10	29.20	30.95	31.--	30.50
Production (1000 tons)	393	402	514	590	
Consumption * (1000 tons)	1412	1402	1535	---	
Imports* (1000 tons)	1029	1078	1087	---	
Exports (1000 tons)	79	42	38	---	

\* incl. wheat flour and feed

#### B. EQUALIZATION LEVIES AND REIMBURSEMENTS

##### Feed grains

Each year guaranteed minimum prices are established for domestic feed grains at a level based on the production costs for producers on clay soils. This price guarantee is realized by means of a system of equalization levies on the imports of feed grains. The height of the levies is fixed depending on the price fluctuations of the world market on the one hand and the guaranteed domestic price on the other hand. These levies are reimbursed on the exportations of feed grains and of commodities produced from feed grains, such as eggs, egg products, poultry meat, pig meat etc.

In order to enable the manufacturers of some processed products to compete with substitutable products made from commodities on which no import levies are charged, in some cases a reduction on the import levy on feed grains is granted. So the manufacturers of rolled oats pay 25 per cent, the manufacturers of malt, yeast and spirit 20 per cent, while the manufacturers of cornstarch are exempted from paying the import levy on feed grains.

<u>Crops 1957-1961</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>
Guaranteed min-price (fl./100 kgs)					
Barley	25.50	25.80	26.45	27.--	27.--
Oats	23.75	24.05	24.65	25.75	25.75
Production (1000 tons)					
Rye	458	428	386	---	
Barley	292	313	268	---	
Oats	504	446	319	---	
Maize	5	4	1	---	
Other cereals	111	136	94	---	
Consumption (1000 tons)					
Rye	614	606	581	---	
Barley	688	718	643	---	
Oats	698	659	588	---	
Maize	747	932	1116	---	
Other cereals	329	412	552	---	

<u>Crops 1957-1961</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>
Imports * (1000 tons)					
Rye	168	179	212	---	
Barley	501	478	486	---	
Oats	264	301	348	---	
Maize	819	1011	1247	---	
Other cereals	319	434	699	---	
Exports * (1000 tons)					
Rye	12	6	10	---	
Barley	105	95	100	---	
Oats	90	76	53	---	
Maize	72	73	73	---	
Other cereals	---	2	146	---	

\* Including products derived from cereals.

### Sugar-beets

Each year a guaranteed price is established for sugar-beets at a level based on the production costs and allowing a reasonable profit margin. By the establishment of a fixed price for sugar delivered from the factories the sugar industry is enabled to pay at the average the guaranteed price to the sugar-beet producer.

The price guarantee is realized by means of the import duty and a variable import levy, based on the world sugar price. These duties are reimbursed on the exportations of sugar and sugar products.

<u>Crops 1957-1961</u>	<u>1957/58</u>	<u>1958/59</u>	<u>1959/60</u>	<u>1960/61</u>	<u>1961/62</u>
Guaranteed price (fl./100 kgs)	51.15	54.13	53.40	54.--	51.50

Since the 1959 crop the guarantee is limited to a quantity of sugar-beets equivalent to the domestic consumption of at least 465,000 tons of sugar.

<u>Crops 1957-1960</u>	<u>1957/58</u>	<u>1958/59</u>	<u>1959/60</u>	<u>1960/61</u>
Production of sugar-beets (1000 tons)	2.689	3.878	3.098	4.676
Sugar (1000 tons) <sup>1</sup>	329	529	459	660 x
Consumption <sup>1</sup>				
Sugar (1000 tons)	460	462	466	474 x
Imports <sup>1</sup>	335	315	243	300 x
Exports <sup>1</sup>	51	90	77	180 x

x estimate

<sup>1</sup> white sugar

### C. STABILIZATION AND PRICE SUPPORT PURCHASES

#### Wheat

Generally the mixing regulation has sufficient effect to guarantee to wheat producers receipt of the fixed prices. Besides this regulation the

so-called V.I.B. (Food Purchasing and Selling Bureau) is authorized to purchase domestically produced wheat at the support price level. Any losses on these purchases are paid from the Agricultural Equalization Fund.

	<u>1957/58</u>	<u>1958/59</u>	<u>1959/60</u>
Wheat purchases (1000 tons)	10.8	2.3	30.7

Dairy products

In order to avoid excessive downwards price fluctuations floor-prices are established for butter, cheese and skim milk powder. The floor-prices are fixed once a year and are based on reasonable commercial expectations of world market developments.

The V.I.B. is authorized to effect purchases of these products at the floor prices. Losses or profits on these price support operations are financed by the so-called Dairy Fund, a fund established by the dairy farmers.

	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>
Floor prices (fl./100 kgs)				
Butter	434	310	335	365
Cheese (Gouda)	205	165	176	187
Skim milk powder (spray)	90.40	90.40	90.40	90
Purchases (tons)				
Butter	27.140	23.280	313	15.466
Cheese	250	860	370	3.585
Skim milk powder	569	43.905	8.384	2.987
Losses/profits on delivered dairy products				
Losses (000 fl.)	35.808	28.292		
Profits (000 fl.)			984	

D. SUBSIDY ARRANGEMENTS

Feed grains

I. Nature and extent of the subsidy

(a) Background

The system of variable levies on the imports of feed grains only has the effect of keeping the domestic prices in line with the guaranteed minimum prices, which are based on the production costs for producers on clay soils. This is not sufficient to guarantee the producers on sandy soils, where the production costs are higher, a comparable income. Therefore the producers of feed grains on sandy soils receive a deficiency payment supplementary to the average price received on the domestic market.

(b) Incidence

The deficiency payment is directly paid to the producers. For the crops 1957-1959 guaranteed minimum prices were established for rye and oats, produced on sandy soils:

	<u>1957</u>	<u>1958</u>	<u>1959</u>
Rye	26.70	25.50	27.25
Oats	28.--	27.05	28.35

The deficiency payment was equal to the difference between the guaranteed price and the average price actually received on the domestic market.

For the crop 1960 the deficiency payment was established at fl. 150.--- per ha, while for the crop year 1961 the deficiency payment is fixed at fl. 200.--- per ha.

(c) Amount of subsidy

The total amounts of deficiency payments for grains produced on sandy soils are as follows:

	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>
			(million fl.)		
	50.5	32.3	43.---	45.---*	60.---*

\* budgeted

(d) Amount per unit

	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960*</u>	<u>1961*</u>
Rye (fl./100 kgs)	6.25	4.35	4.80	4.70	6.40
Oats	3.51	2.35	4.35	4.25	5.80

\* calculated

II. Effect of subsidy

(a) The system of deficiency payment for feed grains has not led to an increase of production. The total acreage used for the production of feed grains has remained stable during the past decades.

Dairy products

Milk

I. Nature and extent of the subsidy

(a) Background

The base of the support policy for milk is the establishment of a guaranteed price. The purpose of this regulation is to guarantee to the dairy farmer a reasonable minimum income.

(b) Incidence

The Government establishes each year a guaranteed minimum price for milk delivered to the dairy factories. As from the production year 1957/58 this guarantee is limited to a maximum quantity. This results in an average guaranteed price which for the whole quantity of milk actually delivered is lower than the guaranteed minimum.

If the guaranteed price is not reached from the returns of liquid milk and other dairy products, the difference is supplied from the Agricultural Equalization Fund as a deficiency payment. The guaranteed

price for milk delivered to the dairy factories per 100 kgs. of milk with a fat content of 3.7 per cent was established as follows:

		Maximum guaranteed quantity
1957/58	f.28.90	5.18 million tons
1958/59	" 28.90	5.-- " "
1959/60	" 28.90	5.-- " "
1960/61	" 28.50	5.10 " "

(c) Amount of subsidy

The total amounts of the deficiency payments for milk are as follows:

1957/58	f.408 million	
1958/59	" 216 "	
1959/60	" 300 "	(estimated)
1960/61	" 230 "	(budgeted)

(d) Estimated amount per unit

The deficiency payments to the dairy farmers per 100 kgs of milk amounted to:

1957/58	f. 7.43
1958/59	" 3.85
1959/60	" 4.90 (estimated)
1960/61	" 3.70 ( " )

II. Effect of subsidy

(a) Except for liquid milk for which a fixed retail price is established, the support system for milk is such that the free price development in the milk market is not affected. In principle the subsidy has only the effect of assuring the dairy farmer an income from his products based on the average cost price on economically well-managed farms and on market developments, while comparable with the income in other economic sectors.

Although due to a higher yield per cow the production of milk is increasing the total number of cows in production is fairly stable as will be seen from the following figures:

Number of milk cows x 1,000 heads

1939	1566
1950	1520
1957	1493
1958	1525
1959	1565
1960	1626

(b) <u>Statistics</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u> <sup>x</sup>
Production (1000 tons)				
Milk	6.002	6.240	6.411	6.900
Butter	76	91	80	100
Cheese	176	186	285	204
Milk powder	62	68	82	60
Condensed milk	285	286	337	390
Consumption (1000 tons)				
Liquid milk and cream	2.181	2.127	2.131	---
Butter	42	57	47	---
Cheese	72	83	83	---
Milk powder	12	12	13	---
Condensed milk	50	60	70	---
Imports (tons)				
Butter	9	8	45	40
Cheese	620	897	963	574
Milk powder	21.275	17.114	17.508	20.102
Condensed milk	1.423	1.192	476	60
Exports (tons)				
Butter	36.000	44.000	40.000	41.000
Cheese	86.000	98.000	106.000	109.000
Milk powder	36.000	33.000	49.000	46.000
Condensed milk	230.000	229.000	263.000	299.000

<sup>x</sup> provisional

## Butter

### I. Nature and extent of subsidy

#### (a) Background

In the spring of 1960 when the low butter prices on the world market caused increasing stocks of butter at the V.I.B. (Food Purchasing and Sales Office) it was decided to afford a temporary subsidy on butter in order to increase the consumption.

From 1 May 1960 an export subsidy was granted on exports of butter to the United Kingdom and from 19 June 1960 a consumer subsidy was allowed on domestic butter. These subsidies were paid from the Dairy Fund.

#### (b) Incidence

The export subsidy and the consumer subsidy were paid to the wholesale trade. The amounts fluctuated according to market and stock developments.

#### (c) Amount of subsidy

The total expenditures on export subsidies paid in 1960 amounted to fl.20.5 million, while the total amount of consumer subsidies was fl.21.5 million.

(d) Estimated amount per unit

The export subsidy was established initially at fl. 0.60 per kg. and has been fluctuating since then between fl. 0.43 - fl. 1.10 per kg. At 1 January 1961 the subsidy amounted to fl. 0.43 per kg. The consumer subsidy was established initially at fl. 1.-- per kg. and was gradually reduced to fl. 0.08 per kg. Since 1 January 1961 the consumer subsidy has been withdrawn again.

II. Effect of subsidy

(a) It is not possible to give any accurate quantitative trade effect of these subsidies. It may be stated fairly well, however, that because of the low retail prices on the domestic market the home consumption and sale of butter increased considerably.

CheeseI. Nature and extent of the subsidy(a) Background

An export allowance has been applied so far in only one exceptional case in order to defend an established market position against other supplies, which received export aids. This allowance, which was financed by the Dairy Fund, has been discontinued at 1 June 1960.

(b) Incidence

This subsidy is paid to the exporter. The amounts fluctuated according to the development on the market.

(c) Amount of subsidy

The total amounts of subsidies were:

1958	fl.	400,000.-
1959	"	1,574,000.-
1960	"	500,000.-

(d) Estimated amount per unit

The subsidy amounted in 1958	fl. 13.-	-	fl. 23.-	per 100 kgs.
in 1959	" 54.-	-	" 60.-	per 100 kgs.
in 1960	" 54.-	-	" 0.-	per 100 kgs.

The subsidy has been abolished at 1 June 1960.

II. Effect of subsidy

(a) Although it is difficult to weigh exactly the effect of this measure, it may be stated that an established market position could be maintained which otherwise might have suffered considerable losses.

Bacon

I. Nature and extent of the subsidy

(a) Background

The allowance on bacon has a dual purpose. It is intended to stabilize and support prices in the pig market. It has also a social aspect, because pigs are mainly produced in sandy soil areas where mixed farming is generally practised.

(b) Incidence

The Government annually provides from the Agricultural Equalization Fund a certain amount to the Commodity Board for Livestock and Meat for various marketing activities. The amounts allotted for these purposes were established at fl. 10 million a year for the years 1958 - 1961.

The Commodity Board for Livestock and Meat periodically determines prices for bacon pigs to be delivered by farmers to the bacon factories, as one of the methods to stabilize prices and incomes in pig production. In case prices for bacon on the export market, which is predominantly the United Kingdom market, are so low that in spite of the restitution of the regular equalization levies on feed grains, normal processing costs cannot be recovered, the exporters receive an allowance. If prices are higher the exporters have to pay a levy.

(c) Amount of subsidy

The total costs of export subsidies on bacon amounted to:

fl. 1.8 million	in 1958
" 3.0 million	in 1959
" 3.2 million	in 1960

(d) Estimated amount per unit

The unit rates of export subsidies were as follows:

1958	fl. 0.07	per kg.
1959	fl. 0.19	" "
1960	fl. 0.09	" "

II. Effect of subsidy

(a) It is not fairly well possible to give a quantitative assessment of the effect of this subsidy. As will be seen from the figures on exports the exports of bacon have decreased considerably during the past years, and increased again in 1960.

Production and exports	
1957	38.200
1958	25.400
1959	15.900
1960	35.000 (estimate)

Imports and domestic consumption have been negligible.

Manufacturing potatoes

I. Nature and extent of the subsidy

(a) Background

These measures are mainly based on social considerations. This regulation only applies to manufacturing potatoes produced in an area in the north-eastern part of the country, where soil conditions limit the number of production alternatives.

(b) Incidence

For the production years 1957 - 1959 a guaranteed price has been established for manufacturing potatoes up to a maximum quantity.

For the crop year 1960 the guarantee has been limited to an area of 32,000 has.

	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>
guaranteed price (fl./100 kgs)	6.85	7.20	7.30	7.10
max. quantity (million has.)	17.--	16.--	16.5	15.5 x

x calculated

For the crop years 1960 and 1961 the producers on peaty or similar soils receive such a compensation that with a normal crop programme the production costs of rye, oats and manufacturing potatoes will be covered by the guaranteed prices. The allowances are paid to the farmers through the intermediary of the manufacturers so that as an average the guaranteed price is reached.

(c) Amount of subsidy

Total expenditures for crop year:

1957	fl. 13.6 million		
1958	" 13.6	"	
1959	" 19.-	"	(estimate)
1960	" 13.8	"	

(d) Estimated amount per unit

1957	fl. 1.25 per 100 kgs		
1958	" 1.66	"	"
1959	" 2.10	"	"
1960	" 1.46	"	"

II. Effect of subsidy

(a) The production of manufacturing potatoes in the area involved is being maintained at a stable level.

(b) Statistics

Production (1000 tons)

1957	1.048
1958	929
1959	1.001
1960	1.269

Imports (potato flour) (tons)

1957	3.814
1958	3
1959	26
1960	50

Exports (potato flour) (tons)

1957	65.000
1958	58.000
1959	69.000
1960	69.000

Sugar

I. Nature and extent of the subsidy

(a) Background

In view of the fact that foreign competitors quote prices for refined sugar, which do not allow for an integral remuneration for normal refining costs and for reasons of domestic social policy, the Dutch industry which traditionally occupied itself with the refining of raw sugar, receives an indemnification on a limited quantity of sugar.

(b) Incidence

The indemnification is only paid to that part of the Dutch refining industry that is exclusively equipped for and which is specialized in the refining of raw sugar. The quantity involved amounts to 80,000 tons of raw sugar annually. This regulation which has been in effect for a number of years will be abolished as from 1 October 1962. The yearly allowance is gradually reduced from 1 April 1960.

(c) Amount of subsidy

Total costs amounted to:

1957 - 1959	fl. 1,760,000.-- a year
1960	" 1,605,000.--

(d) Amount per unit

fl. 2.20 per 100 kgs of raw sugar.

II. Effect of subsidy

The programme applies to a small specific sector of the national sugar industry, the refining industry, which refines exclusively imported raw sugar, generally cane sugar. This regulation has no effect on the national sugar economy.

Cabbage

The guaranteed price regulation for cabbage as mentioned in document L/1131/Add.1 did not make necessary any deficiency payment for the crop year 1959/60. The guarantee has not been renewed as from the crop year 1960.

PROGRAMMES OUTSIDE AGRICULTURE

Peat

I. Nature and extent of subsidy

(a) Background

Decree of the Minister of Social Affairs.

A guaranteed price has been established for manually dug large long lumps of peat which are used in several industries as fuel. This programme has a purely social character. Its purpose is to maintain employment for a small group of peat-diggers.

(b) Incidence

All peat produced is being sold by a central sales agency, which also administers the support programme. In case the guaranteed price cannot be obtained, the difference between the actual proceeds and the guaranteed price is financed by the Ministry of Social Affairs.

(c) Amount of subsidy

The total amount of the allowance was in the years:

1958	f1. 260,000
1959	" 278,000
1960	" 240,000

For the years 1961 and 1962 the estimated expenditures amount to fl. 257,000 and fl. 294,000 respectively.

(d) Estimated amount per unit

1958	f1. 2.-- per m <sup>3</sup>
1959	" 1.99 " "
1960	" 2.02 " "
1961	" 2.14 " "
1962	" 2.45 " "

Osierbeds outside the dykes

I. Nature and extent of subsidy

(a) Background and authority

Price regulations are based on the Agricultural Law 1957. In order to prevent the outside slopes of the Netherlands sea-dykes from being scoured by the fast currents occurring in the estuaries along the North Sea coast,

large rectangular mats, braided from osiers and weighted with ballast, are deposited on the sea-bottom and serve as the basic foundation for the dyke construction. In view of the increasing need for osiers, as a result of the so-called Delta-works, an allowance is provided for a limited acreage of osier beds.

(b) Incidence

On the approved acreage of osier beds an allowance is paid once every four years (four years being a complete production cycle). The actual amount of the allowance depends on the quality of the osiers; it may vary from nil to fl. 800 per ha. every four years. This programme is financed by the Ministry of Traffic and Public Works.

(c) Amount of subsidy

The total cost of the allowance amounted to fl. 200,000 in 1958 and fl. 240,000 in the years 1959 and 1960.

(d) Estimated amount per unit

The allowance amounts to approximately fl. 480.-- per ha. per four years as an average.

